Ameren Ex. 1.0

ILLINOIS COMMERCE COMMISSION

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Ameren EX. 1.0

Witness

Date 10-5-00 Reporter CB

DIRECT TESTIMONY

OF

CRAIG D. NELSON

Submitted on Behalf of

OF

CENTRAL ILLINOIS PUBLIC SERVICE COMPANY d/b/a AmerenCIPS

AND

UNION ELECTRIC COMPANY d/b/a AmerenUE

May 31, 2000

1. Q. Please state your name and business address.

A. Craig D. Nelson, Ameren Services Company, One Ameren Plaza, 1901 Chouteau, P.O. Box 66149, St. Louis, Missouri 63166-6149.

2. Q. What is your position with Ameren Services Company?

A. My current position is that of Vice President - Corporate Planning.

3. Q. Please provide your educational and employment history.

A. I earned a bachelor's degree in accounting in 1977, graduating with highest honors, and a master's in business administration in 1984. Both degrees were awarded by Southern Illinois University - Edwardsville, Ill.

I am a Certified Public Accountant. I worked for Arthur Andersen & Co. from 1977 to 1979 when I joined CIPS as a Tax Accountant. Later in 1979 I was promoted to Income Tax Supervisor. I served in various tax and accounting positions until 1985 when I was appointed Assistant Treasurer. In 1989, I became Treasurer and Assistant Secretary, a position I held for seven years. In 1996, I was elected Vice President of Corporate Services. Effective 12-31-97, at the time of the merger, I was named Vice President, Merger Coordination. In 1998, I assumed the additional responsibility of Vice President of Regulatory Planning. Effective June 1, 1999, I was appointed to my current position - Vice President, Corporate Planning.

4. Q. What is the purpose of your testimony?

A. The purpose of my testimony is to explain why Central Illinois Public Service Company ("AmerenCIPS") and Union Electric Company ("AmerenUE") are proposing to use an index-based market value ("MV") determination method in substitution for the Neutral Fact Finder ("NFF") process currently employed in the Ameren Companies' tariffs.

5. Q. Why are the Ameren Companies proposing the use of a market-based methodology?

A. The market value reflected in Illinois utilities' DS tariffs will have a significant effect on the development of the competitive marketplace. The market value is used to determine both the level of transition charges and the price of power under the Power Purchase Option ("PPO"). If, for

example, the market value, and therefore the price for power under the PPO, is set too low, alternative suppliers will be less able to compete on the basis of price. Alternatively, if the market value is set too high, Illinois electric utilities will undercollect transition charges. The Ameren Companies believe that a market-traded index approach will produce the most accurate result, and therefore, will produce the bests conditions for fostering competition, with the fairest transition charge recovery.

6. Q. What method is used in the Companies' tariffs now?

A. The Companies' tariffs presently reflect the use of the NFF approach. As I will discuss, the NFF approach cannot be expected to reliably produce an accurate gauge of market value. The Ameren Companies have worked to better the NFF process, and participated actively in Docket No. 00-0007, the proceeding in which the Commission developed the reporting form to be used to provide data to the NFF. It has become apparent, however, that regardless of the form used, it is not possible to develop a form that will elicit data leading to a market value whose accuracy can be determined with certainty. The NFF process is severely flawed, and its continued use may impair the development of a robust competitive retail market in Illinois.

7. Q. What is wrong with the NFF process?

A. I will address that in greater detail later, but in short, the process relies on very few, historical contracts to forecast future prices. As a result, the NFF has greatly underestimated the market value of power and energy,

thereby stifling competition, and providing customers with an unwarranted subsidy.

8. Q. Why do the Ameren Companies use the NFF approach?

A. The Ameren Companies initially proposed to use a market index approach in Docket No. 99-0121, their initial DST proceeding. The Commission directed the Ameren Companies to use the NFF approach. I interpret the Commission's actions in this regard to reflect a desire for uniformity in market prices throughout Illinois. This is not an inappropriate goal, and the Companies' present proposal reflects an effort to achieve it, but to do so using more accurate data.

9. Q. How does the Companies' proposal compare with the Commission's recent approval of a market index approach for ComEd?

A. Generally, the Ameren proposal is modeled on the ComEd methodology. The principal difference is that the Ameren proposal uses "into Cinergy" prices, whereas the ComEd model uses "into ComEd" prices. As Mr. Eacret explains, there is no publicly traded index for the "into Ameren" market. Ameren believes the most appropriate means of assessing market value in the Ameren market is to use the regional "into Cinergy" prices, adjusted to reflect Ameren-specific characteristics.

10. Q. Will the use of the "into Cinergy" index different data produce significantly different results for the Ameren region than are seen in ComEd?

A. In general, we do not expect any inappropriate or unreasonable price differences between the ComEd and Ameren markets. There may be some minor price differences, but that is to be expected, because the markets, while geographically proximate, are not identical.

11. Q. Will the presence of minor price differences be consistent with the goal of uniformity?

A. Yes. It is important that prices be determined in generally the same manner in each market. Prices should not be set using one methodology for Ameren and a significantly different way for ComEd. The Ameren proposal would achieve consistency with the ComEd approach.

12. Q. When would Ameren place the new method in effect?

A. Ameren would like to have the market index method in place on January 1, 2001. Since our information systems require about 90 days lead time to implement a new pricing method, we would need an order from the Commission by September 30, 2000 in order to achieve a January 1, 2001 implementation date.

13. Q. Would the approval of the new Rider MV require modifications to the existing Rider PPO and Rider TC?

A. Yes. We have not included those modifications in this filing because we are currently assessing whether to continue collecting a transition charge or to cancel Riders TC and PPO. The mechanism used to determine market value will be a consideration in the Company's determination. We

will make a final decision within 30 days after a final order in this proceeding.

14. Q. Would cancellation of the transition charge be consistent with the relief that the Companies are seeking in this case?

A. Yes. Rider MV would still remain in effect for customers signing up for the PPO prior to its cancellation because the PPO has a one-year minimum term. Further, our decision as to whether to cancel depends in part on the results of this case. Lastly, I note that approval of an index approach for AmerenCIPS would put the Commission another step closer to being able to cancel the NFF process altogether.

15. Q. Turning to problems with the NFF, how does this year's NFF market value compare with actual market prices?

A. Actual market prices for power and energy are higher than the market prices estimated for the year 2000 by the Neutral Fact Finder in the 1999 NFF report. For example, the NFF weighted average prices for 2000, issued June 7, 1999, are as follows:

	Summer Off-Peak	Summer On-Peak	Non-Summer Off-Peak	Non-Summer On-Peak
Energy (Per MWh)	$29.58	$32.14	$26.41	$27.79

That same day, however, the average of the monthly on-peak "into Cinergy" prices for 2000 as reported by Bloomberg was approximately $40.50. As Mr. Eacret discusses in his testimony, the "into Cinergy" prices serve as reasonable proxies for Ameren market prices, and the locational basis adjustment is relatively minor. Accordingly, any wide

discrepancy between NFF on-peak values and "into Cinergy" prices cannot be explained due to a basis differential or similar minor adjustments.

16. Q. What would cause the results of the NFF process to underestimate the actual market value of power?

A. The NFF reporting process does not take into account a number of contract variables which affect the actual market value of power. These variables include the following:

1. The date upon which the contract was executed;
2. The allocation of risk between the parties to the contract;
3. The price structure of the contract; and
4. Non-commodity services bundled in the price.

17. Q. How does the date of the contract affect the NFF process?

A. The wholesale power markets have gone through a speedy and significant evolution over the past two and one-half years, primarily driven by summer price spikes. Prior to the summer of 1997, the highest hourly prices that most electricity operations personnel would have seen were emergency rates of $100 per MWh. Beginning with the summer of 1997, the status quo changed and significantly impacted the market as follows:

	Days Over $100/MWh	Maximum Price
1997	3	$ 239.54
1998	13	2,040.48
1999	16	2,016.68

The 1997 price spikes occurred in July. The 1998 events occurred in May, June, and July. The 1999 spikes occurred in June, July, and August. Including contracts entered into prior to May of 1998 will, therefore, distort and introduce a downward bias to the calculation of the current market price because, at the time of execution, the frequency and magnitude of potential price spikes were unknown and unanticipated.

Another characteristic of contracts entered into during 1997 and early 1998 is the long lead times between the execution by parties of an agreement and the date on which power deliveries begin. The longer the gap between execution and delivery the less reliable a contract is as an indicator of market price at the time of delivery. The NFF, however, would treat all the contracts as if negotiated at the same time.

Moreover, MAIN capacity requirements have been evolving over this period as well. During the early part of the NFF study period, there was no market for MAIN-accredited capacity. Now the market is quite active. This raises a significant question -- should the value of capacity be set at zero for the older contracts, or should an attempt be made to somehow assign a value and unbundle? Either alternative could reasonably be deemed arbitrary and distortive.

18. Q. How does risk allocation affect market value?

A. The contract price is but one element in a series of terms and conditions essential to an agreement. Another key element is the allocation of risks between the parties. The seller may agree to a lower price in return for an ability to pass through some portion of the price spikes discussed above. Similarly, a buyer with a poor credit rating may agree to pay a higher price. A contract may include premiums and discounts associated with the assumption or shedding of five types of risk: market risk; volumetric risk; credit risk; operational risk; and regulatory risk.

Attempting to use a contract price without a quantification and detailed unbundling of risk premiums and discounts will yield a relatively meaningless figure. However, any quantification would itself introduce arbitrary and potentially distortive effects.

19. Q. What problems are associated with price structure?

A. The principal problem is that which arises with multiyear contracts using flat pricing. It is simple to construct an example to demonstrate how the price structure of a contract can make the determination of a market value for a specific year within the contract term completely arbitrary. Schedules 1 through 3 to my testimony assume a situation in which all non-energy costs and risks have been properly unbundled, market participants are all using the same forward curve, and the only product being sold is around-the-clock (ATC) energy. Schedule 1 assumes that the parties agree to flat pricing, while Schedules 2 and 3 assume declining

(5% annually) and increasing (5% annually) price structures respectively. All three structures result in a different summary price for 2001, even though each uses the same underlying market prices.

Admittedly, examples of price structures can be assembled to support almost any position on market prices. That is precisely the point. Any price structure will contain a financing component defined by the relative shapes of the forward curve and the pricing curve and the discount rate. Ignoring this fact will result in an inaccurate market price.

Moreover, the "Contract Price" stated in a contract is frequently not the "effective price" that the customer will pay in the end. For example a contract could have a "base" price for energy, but also include a "penalty" that would apply on a regular basis in order to provide price signals to the customer to encourage it to modify its profile. The number of ways that the "penalty" could be priced in the contract is only limited by one's imagination. The result is that the NFF may never be able to develop a single form that works well for the wide variety of contracts being reported.

With respect to retail contracts reported, the existing bundled tariffs and/or PPO tariffs create very real caps on the level of pricing for capacity and energy that retail customers will accept. Further, those caps are

established based on historical utility /regulatory rate making principles. The wholesale markets operate on dramatically different principles, and there are no similar caps in those markets. The result is that there can be a significant disconnect between "real" (wholesale) market prices and "apparent" retail market prices embedded in retail contracts reported to the NFF.

20. Q. How do non-commodity services cause problems?

A. In addition to the financing and risk allocation components created by the various potential price structures, a myriad of other products may be included in the contract price: e.g., delivery services, credits or premiums for generation assets or interruptability, regulatory capacity, and credit enhancements. Moreover, non-energy related products and services may be bundled with energy for a single flat price. The allocation of portions of the single flat price to the other services will be arbitrary, but must be used by the NFF to calculate a supposedly objective measure of market value.

21. Q. Do bundled retail contracts create any other problems?

A. Yes. It is inevitable that the NFF process will create a self-fulfilling prophecy with respect to the "market value" in retail contracts reported to the NFF on an ongoing basis. While other types of contracts (non-retail) may, in fact, create some fluctuation in "market price" reported by the NFF, from year to year, the fluctuations of those contracts will be mitigated in the resulting aggregate NFF price reported by the retail

contracts reported for the same period. This is because retail contracts must (generally) be competitive with customers' PPO options. Previous NFF results determined the "market price" embedded in the current PPO. The results of the NFF process are used to define future transition cost recovery (TC values). The NFF reporting process then assumes that current TC values apply to all years of a reported contract. The result is that the NFF-determined market value for one year will greatly influence the determination in the next year, and so on.

22. Q. Can the problems and limitations of the NFF process discussed above be eliminated with revisions to the NFF reporting requirements?

A. No. The only solution is to find an alternative to the NFF.

23. Q. How do the Ameren Companies propose to deal with these flaws in the NFF process?

A. The Ameren Companies propose to address the flaws with the NFF process by replacing the NFF mechanism with a market-traded index methodology, which is described and discussed in Mr. Eacret's direct testimony and Mr. Hock's direct testimony.

24. Q. Does this conclude your Direct Testimony?

A. Yes, it does.

SCHEDULE 1
EVALUATION OF NFF PROCESS
CALCULATION OF MARKET PRICES
USING FLAT-PRICE CONTRACTS

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	PV
Market Price											
On-Peak	$ 40.00	$ 41.00	$ 42.00	$ 43.00	$ 44.00	$ 45.00	$ 46.00	$ 47.00	$ 48.00	$ 49.00	
Off-Peak	17.00	17.50	18.00	18.50	19.00	19.50	20.00	20.50	21.00	21.50	
Contract 1											
MW	-	10	10	10	10	-	-	-	-	-	
MWh	-	87,600	87,600	87,600	87,600	-	-	-	-	-	
Market Value	$ -	$ 2,459	$ 2,523	$ 2,586	$ 2,650	$ -	$ -	$ -	$ -	$ -	$ 8,836
Price	$ -	$ 29.11	$ 29.11	$ 29.11	$ 29.11	$ -	$ -	$ -	$ -	$ -	
Revenues	$ -	$ 2,550	$ 2,550	$ 2,550	$ 2,550	$ -	$ -	$ -	$ -	$ -	$ 8,836
Contract 2											
MW	-	-	10	10	10	10	-	-	-	-	
MWh	-	-	87,600	87,600	87,600	87,600	-	-	-	-	
Market Value	$ -	$ -	$ 2,523	$ 2,586	$ 2,650	$ 2,713	$ -	$ -	$ -	$ -	$ 8,544
Price	$ -	$ -	$ 29.83	$ 29.83	$ 29.83	$ 29.83	$ -	$ -	$ -	$ -	
Revenues	$ -	$ -	$ 2,614	$ 2,614	$ 2,614	$ 2,614	$ -	$ -	$ -	$ -	$ 8,544
Contract 3											
MW	-	-	-	10	10	10	10	-	-	-	
MWh	-	-	-	87,600	87,600	87,600	87,600	-	-	-	
Market Value	$ -	$ -	$ -	$ 2,586	$ 2,650	$ 2,713	$ 2,777	$ -	$ -	$ -	$ 8,256
Price	$ -	$ -	$ -	$ 30.56	$ 30.56	$ 30.56	$ 30.56	$ -	$ -	$ -	
Revenues	$ -	$ -	$ -	$ 2,677	$ 2,677	$ 2,677	$ 2,677	$ -	$ -	$ -	$ 8,256
Contract 4											
MW	-	-	-	10	10	10	10	10	10	10	
MWh	-	-	-	87,600	87,600	87,600	87,600	87,600	87,600	87,600	
Market Value	$ -	$ -	$ -	$ 2,586	$ 2,650	$ 2,713	$ 2,777	$ 2,840	$ 2,904	$ 2,967	$ 13,723
Price	$ -	$ -	$ -	$ 31.53	$ 31.53	$ 31.53	$ 31.53	$ 31.53	$ 31.53	$ 31.53	
Revenues	$ -	$ -	$ -	$ 2,762	$ 2,762	$ 2,762	$ 2,762	$ 2,762	$ 2,762	$ 2,762	$ 13,723
Summary											
MWh	-	87,600	175,200	350,400	350,400	262,800	175,200	87,600	87,600	87,600	
Revenues	$ -	$ 2,550	$ 5,164	$ 10,603	$ 10,603	$ 8,053	$ 5,439	$ 2,762	$ 2,762	$ 2,762	
Contract Price	$ -	$ 29.11	$ 29.47	$ 30.26	$ 30.26	$ 30.64	$ 31.05	$ 31.53	$ 31.53	$ 31.53	
Market Value	$ -	$ 2,459	$ 5,046	$ 10,346	$ 10,600	$ 8,140	$ 5,554	$ 2,840	$ 2,904	$ 2,967	
Market Price	$ -	$ 28.08	$ 28.80	$ 29.53	$ 30.25	$ 30.98	$ 31.70	$ 32.43	$ 33.15	$ 33.88	

SCHEDULE 2
EVALUATION OF NFF PROCESS
CALCULATION OF MARKET PRICES
USING DECLINING-PRICE CONTRACTS

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	PV
Market Price											
On-Peak	$ 40.00	$ 41.00	$ 42.00	$ 43.00	$ 44.00	$ 45.00	$ 46.00	$ 47.00	$ 48.00	$ 49.00	
Off-Peak	17.00	17.50	18.00	18.50	19.00	19.50	20.00	20.50	21.00	21.50	
Contract 1											
MW	-	10	10	10	10	-	-	-	-	-	
MWh	-	87,600	87,600	87,600	87,600	-	-	-	-	-	
Market Value	$ -	$ 2,459	$ 2,523	$ 2,586	$ 2,650	$ -	$ -	$ -	$ -	$ -	$ 8,836
Price	$ -	$ 31.27	$ 29.71	$ 29.22	$ 26.81	$ -	$ -	$ -	$ -	$ -	
Revenues	$ -	$ 2,739	$ 2,602	$ 2,472	$ 2,349	$ -	$ -	$ -	$ -	$ -	$ 8,836
Contract 2											
MW	-	-	10	10	10	10	-	-	-	-	
MWh	-	-	87,600	87,600	87,600	87,600	-	-	-	-	
Market Value	$ -	$ -	$ 2,523	$ 2,586	$ 2,650	$ 2,713	$ -	$ -	$ -	$ -	$ 8,544
Price	$ -	$ -	$ 32.05	$ 30.45	$ 28.92	$ 27.48	$ -	$ -	$ -	$ -	
Revenues	$ -	$ -	$ 2,807	$ 2,667	$ 2,534	$ 2,407	$ -	$ -	$ -	$ -	$ 8,544
Contract 3											
MW	-	-	-	10	10	10	10	-	-	-	
MWh	-	-	-	87,600	87,600	87,600	87,600	-	-	-	
Market Value	$ -	$ -	$ -	$ 2,586	$ 2,650	$ 2,713	$ 2,777	$ -	$ -	$ -	$ 8,256
Price	$ -	$ -	$ -	$ 32.83	$ 31.19	$ 29.63	$ 28.15	$ -	$ -	$ -	
Revenues	$ -	$ -	$ -	$ 2,876	$ 2,732	$ 2,595	$ 2,466	$ -	$ -	$ -	$ 8,256
Contract 4											
MW	-	-	-	10	10	10	10	10	10	10	
MWh	-	-	-	87,600	87,600	87,600	87,600	87,600	87,600	87,600	
Market Value	$ -	$ -	$ -	$ 2,586	$ 2,650	$ 2,713	$ 2,777	$ 2,840	$ 2,904	$ 2,967	$ 13,723
Price	$ -	$ -	$ -	$ 36.15	$ 34.34	$ 32.63	$ 31.00	$ 29.45	$ 27.97	$ 26.57	
Revenues	$ -	$ -	$ -	$ 3,167	$ 3,009	$ 2,858	$ 2,715	$ 2,579	$ 2,450	$ 2,328	$ 13,723
Summary											
MWh	-	87,600	175,200	350,400	350,400	262,800	175,200	87,600	87,600	87,600	
Revenues	$ -	$ 2,739	$ 5,410	$ 11,152	$ 10,623	$ 7,860	$ 5,181	$ 2,579	$ 2,450	$ 2,328	
Contract Price	$ -	$ 31.27	$ 30.88	$ 31.91	$ 30.32	$ 29.91	$ 29.57	$ 29.45	$ 27.97	$ 26.57	
Market Value	$ -	$ 2,459	$ 5,046	$ 10,345	$ 10,600	$ 8,140	$ 5,554	$ 2,840	$ 2,904	$ 2,967	
Market Price	$ -	$ 28.08	$ 28.80	$ 29.53	$ 30.25	$ 30.98	$ 31.70	$ 32.43	$ 33.15	$ 33.88	

SCHEDULE 3
EVALUATION OF NFF PROCESS
CALCULATION OF MARKET PRICES
USING INCREASING-PRICE CONTRACTS

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	PV
Market Price											
On-Peak	$ 40.00	$ 41.00	$ 42.00	$ 43.00	$ 44.00	$ 45.00	$ 46.00	$ 47.00	$ 48.00	$ 49.00	
Off-Peak	17.00	17.50	18.00	18.50	19.00	19.50	20.00	20.50	21.00	21.50	
Contract 1											
MW	-	10	10	10	10	-	-	-	-	-	
MWh	-	87,600	87,600	87,600	87,600	-	-	-	-	-	
Market Value	$ -	$ 2,459	$ 2,523	$ 2,586	$ 2,650	$ -	$ -	$ -	$ -	$ -	$ 8,836
Price	$ -	$ 27.11	$ 28.47	$ 29.89	$ 31.39	$ -	$ -	$ -	$ -	$ -	
Revenues	$ -	$ 2,375	$ 2,494	$ 2,618	$ 2,749	$ -	$ -	$ -	$ -	$ -	$ 8,836
Contract 2											
MW	-	-	10	10	10	10	-	-	-	-	
MWh	-	-	87,600	87,600	87,600	87,600	-	-	-	-	
Market Value	$ -	$ -	$ 2,523	$ 2,586	$ 2,650	$ 2,713	$ -	$ -	$ -	$ -	$ 8,544
Price	$ -	$ -	$ 27.78	$ 29.17	$ 30.63	$ 32.16	$ -	$ -	$ -	$ -	
Revenues	$ -	$ -	$ 2,434	$ 2,555	$ 2,683	$ 2,817	$ -	$ -	$ -	$ -	$ 8,544
Contract 3											
MW	-	-	-	10	10	10	10	-	-	-	
MWh	-	-	-	87,600	87,600	87,600	87,600	-	-	-	
Market Value	$ -	$ -	$ -	$ 2,586	$ 2,650	$ 2,713	$ 2,777	$ -	$ -	$ -	$ 8,256
Price	$ -	$ -	$ -	$ 28.46	$ 29.89	$ 31.38	$ 32.95	$ -	$ -	$ -	
Revenues	$ -	$ -	$ -	$ 2,493	$ 2,618	$ 2,749	$ 2,886	$ -	$ -	$ -	$ 8,256
Contract 4											
MW	-	-	-	10	10	10	10	10	10	10	
MWh	-	-	-	87,600	87,600	87,600	87,600	87,600	87,600	87,600	
Market Value	$ -	$ -	$ -	$ 2,586	$ 2,650	$ 2,713	$ 2,777	$ 2,840	$ 2,904	$ 2,967	$ 13,723
Price	$ -	$ -	$ -	$ 27.42	$ 28.79	$ 30.23	$ 31.74	$ 33.33	$ 34.99	$ 36.74	
Revenues	$ -	$ -	$ -	$ 2,402	$ 2,522	$ 2,648	$ 2,780	$ 2,919	$ 3,065	$ 3,219	$ 13,723
Summary											
MWh	-	87,600	175,200	350,400	350,400	262,800	175,200	87,600	87,600	87,600	
Revenues	$ -	$ 2,375	$ 4,927	$ 10,059	$ 10,572	$ 8,214	$ 5,667	$ 2,919	$ 3,065	$ 3,219	
Contract Price	$ -	$ 27.11	$ 28.12	$ 28.74	$ 30.17	$ 31.26	$ 32.34	$ 33.33	$ 34.99	$ 36.74	
Market Value	$ -	$ 2,459	$ 5,046	$ 10,346	$ 10,600	$ 8,140	$ 5,554	$ 2,840	$ 2,904	$ 2,967	
Market Price	$ -	$ 28.08	$ 28.80	$ 29.53	$ 30.25	$ 30.98	$ 31.70	$ 32.43	$ 33.15	$ 33.88	

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Re:	Petition for Expedited Approval of Implementation of a Market-Based Alternative Tariff, to Become Effective On or before May 1, 2000, Pursuant to Article IX and Section 16-112 of the Public Utilities Act;	:	Docket No. 00-0259
	Petition for Approval of Revisions to Market Value Tariff, Rider MV; and	:	Docket No. 00-0395
	Proposed New Rider MVI and Revisions To Rider TC	:	Docket No. 00-0461

AFFIDAVIT OF CRAIG D. NELSON

State of Missouri)
) SS
County of St. Louis)

Craig D. Nelson, being first duly sworn on this oath, states:

1. My name is Craig D. Nelson. I work in the City of St. Louis, Missouri, and I am Vice President-Regulatory Planning for Ameren Services Company.

2. I hereby swear and affirm that my answers contained in my direct testimony to the questions therein propounded are, and the information contained in the schedules attached thereto is, true and correct to the best of my knowledge.

Craig D. Nelson

Subscribed and sworn to before me this 4th day of October, 2000.

Carol A. Head
Notary Public

CAROL A. HEAD
Notary Public - Notary Seal
STATE OF MISSOURI
St. Charles County
My Commission Expires: Sept. 23, 2002